The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board **October 1989**

SUMMARY

Worldwide, for the first time since the 1987 stock market crash, the indexes that track the global business cycle are now showing a pr nounced leveling off. The same pattern is found in each of the world's major regions.

Nationally, the pedestrian performance of the leaders is fairly widespread. Only West Germany (by a wide margin) and France (narrowly) have leading indexes with enough pep to be rising faster than the country's long-term growth rate. Taiwan's leading index is climbing at an 8 percent rate, but that pace (which would be vigorous for almost any other country) only matches the nation's trend growth.

The most inexplicable numbers are for Australia, where the economic performance index is rising at an explosive 11 percent rate, while the leading index is falling at a 3 percent clip. Elsewhere, including the United States and Japan, the leading indexes are prosaic. (As discussed in previous issues of the *Scoreboard,* the Japanese data are distorted by the new value-added tax imposed last April 1. This raises the possibility that the economic outlook there may not be as lackluster as the index suggests.)

Interpretation: If you're looking for excitement in the business cycle, you've come to the wrong place. In particular, the leveling off of the leading indexes should not be magnified into a recession forecast. Meaningful declines in the leaders are still too difficult to find to justify a conclusion of that sort. What the indexes do suggest is a distinctly slower pace of economic advance.

Summary Of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*				
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
	annual rates, percent								
Eleven countries	3	6	5	4	7	4	1	Expansion continuing, leaders weak	July
Ten countries excl. U.S.	3	6	5	4	8	5	2	Expansion continuing	July
North America (2)	3	4	4	2	5	2	-2	Expansion continuing, leaders weak	July
Europe (4)	2	6	5	4	6	3	3	Expansion continuing	July
Pacific Region (5)	4	7	5	5	13	7	1	Expansion continuing, leaders weak	July
United States	3	5	4	3	4	2	2	Expansion continuing	Aug.
Canada	3	4	3	2	1	0	0	Expansion continuing, leaders weak	July
West Germany	2	5	4	6	7	8	8	Expansion continuing	Aug./July
France	2	8	8	7	6	5	3	Expansion continuing	June/Aug.
United Kingdom	2	7	5	5	4	1	0	Expansion continuing, leaders weak	Aug./July
Italy	2	3	1	-1	3	-1	2	Cyclical direction uncertain	Apr./July
Japan	4	7	5	4	14	7	1	Expansion continuing, leaders weak	July
Australia	3	11	13	11	3	0	-3	Expansion continuing, leaders weak	July
Taiwan, R.O.C.	8	6	6	6	8	6	8	Expansion continuing	Aug.
Korea, R.O.K.	7	8	4	6	9	5	2	Expansion continuing	July
New Zealand	2	1	2	-2	4	6	2	Upturn developing, with a setback	Apr./July

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1988-89

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	122	130	124	127	121	132	115	118	137	142
Feb.	88	123	130	125	128	122	133	115	118	139	143
Mar.	88	124	131	125	129	123	133	116	119	140	145
Apr.	88	124	131	125	129	123	133	116	119	139	147
May	88	124	132	126	130	123	133	117	120	139	148
June	88	125	133	127	131	124	135	117	120	141	150
July	88	126	133	127	132	124	134	118	121	141	151
Aug.	88	126	134	128	133	124	136	119	121	142	153
Sept.	88	127	134	128	133	125	135	119	122	143	152
Oct.	88	127	134	129	133	126	136	119	122	143	152
Nov.	88	128	135	130	134	126	136	120	123	145	153
Dec.	88	129	136	130	135	126	137	121	123	146	157
Jan.	89	129	138	131	137	127	138	121	124	147	159
Feb.	89	130	138	132	137	127	138	122	124	147	160
Mar.	89	131	137	133	137	128	137	122	124	151	159
Apr.	89	130	137	132	137	128	137	122	124	148	159
May	89	130	137	132	136	128	137	122	125	148	157
June	89	131	137	133	137	128	136	123	125	150	158
July	89	131	136	133	137	128	135	123	125	150	157

11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
6	5	7	5	5	4	6	2	8	10
7	4	8	5	6	4	6	2	10	9
7	4	8	6	6	3	7	3	9	9
6	4	6	5	6	2	6	2	8	10
6	4	6	6	5	1	6	3	6	10
6	5	7	6	6	4	6	4	8	10
6	4	6	6	5	1	6	4	7	10
6	6	6	7	5	5	6	5	6	11
5	5	6	6	4	3	6	5	7	8
5	5	6	6	5	3	5	5	6	7
5	5	5	6	4	3	6	6	7	7
6	6	5	7	4	4	6	5	7	11
6	7	6	8	4	5	6	6	7	13
5	6	6	8	5	4	6	5	6	12
6	5	7	6	4	2	5	5	11	9
5	4	5	5	4	2	5	3	5	7
4	3	4	3	3	2	4	4	4	3
4	2	5	3	3	-0	4	3	6	3
4	1	4	2	2	-2	4	3	5	1
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1988-89

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.		New Zealand	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	88	120	133	127	124	112	117	122	121	115	117	110	114	135	141	128	122	170	192	201	201	112	113
Feb.	88	121	134	128	125	112	117	122	122	115	116	110	115	136	142	129	123	175	197	203	202	111	112
Mar.	88	122	134	129	125	113	118	123	123	116	117	111	116	137	143	130	124	172	201	204	205	111	112
Apr.	88	122	134	129	125	112	118	123	122	116	117	111	117	137	146	129	126	173	202	200	202	110	112
May	88	122	133	130	125	113	119	124	124	117	118	111	117	137	147	129	127	174	205	199	203	110	112
June	88	123	136	130	125	114	119	125	126	117	118	112	117	139	149	132	128	175	206	201	207	110	112
July	88	124	134	130	124	114	120	126	126	118	118	113	117	139	150	132	128	178	209	200	209	110	111
Aug.	88	124	137	131	125	115	121	127	126	118	118	113	118	140	152	132	129	180	215	204	212	110	112
Sept.	88	124	136	131	125	115	120	128	128	119	118	112	118	140	151	134	129	181	217	205	209	111	112
Oct.	88	125	137	131	124	115	121	128	129	120	119	112	119	141	151	136	128	180	217	208	212	111	114
Nov.	88	125	137	132	124	116	121	130	130	121	120	113	119	142	152	136	129	184	219	208	216	112	115
Dec.	88	126	138	132	125	116	122	130	130	122	120	113	119	143	156	138	128	184	218	209	219	112	114
Jan.	89	126	139	133	125	117	124	131	131	122	120	112	119	144	159	140	128	185	219	212	218	112	115
Feb.	89	127	139	133	125	118	125	132	131	123	119	113	119	144	161	141	128	184	219	213	213	112	116
Mar.	89	127	138	133	125	118	126	133	131	123	119	112	118	148	159	141	129	186	226	214	219	112	116
Apr.	89	127	138	133	125	118	126	133	130	123	119	112	117	145	159	144	128	185	223	211	217	111	117
May	89	127	138	134	124	118	126	134	132	123	120		118	145	156	142	130	188	223	210	216	110	118
June	89	128	138	134	124	119	126	134	132	123	119		119	146	157	147	129	187	227	213	215		118
July	89	127	136	134	125	119	128		130	124	119		120	146	156	147	127	188	228	215	217		116
Aug.	89	128	139			121			132	125								190	231				
		Growth Rates, Percent																					
Jan.	88	5	4	7	6	3	3	8	2	9	1	6	-2	8	11	7	4	4	9	18	16	-2	-4
Feb.	88	6	4	6	5	4	3	8	4	8	0	6	0	9	9	8	5	8	12	18	14	-3	-5
Mar.	88	6	3	7	5	4	3	8	4	8	1	6	2	9	9	9	6	4	14	15	15	-3	-5
Apr.	88	6	2	6	4	3	4	7	3	7	0	6	2	8	10	6	6	4	12	10	9	-3	-5
May	88	5	1	6	3	4	4	7	4	7	1	6	3	7	10	5	8	4	14	7	9	-3	-4
June	88	6	4	6	3	4	4	8	7	7	2	6	3	8	10	8	7	5	12	7	11	-3	-3
July	88	5	1	5	1	3	5	8	6	7	2	7	3	7	11	8	6	6	13	5	11	-3	-4
Aug.	88	5	5	5	1	5	5	8	6	6	2	5	4	7	11	6	8	8	17	7	13	-3	-2
Sept.	88	4	3	5	1	4	4	9	8	7	2	4	3	7	8	9	6	8	16	6	7	-2	-1
Oct.	88	5	3	4	0	3	4	7	9	7	2	3	4	6	7	9	3	6	15	7	9	-1	1
Nov.	88	4	4	4	0	4	4	8	9	7	5	4	4	7	7	8	5	10	14	7	10	1	4
Dec.	88	4	5	4	0	5	6	8	8	7	3	4	3	7	12	10	3	8	11	6	11	1	3
Jan.	89	4	5	4	1	5	7	9	8	6	4	1	3	7	14	11	3	9	10	8	9	2	4
Feb.	89	5	4	4	0	5	8	8	6	7	2	1	2	6	14	12	2	6	8	8	3	2	4
Mar.	89	4	2	3	1	5	8	8	6	6	1	-1	1	11	10	10	2	7	12	8	8	1	5
Apr.	89	4	2	3	0	5	8	7	3	5	1	-1	-1	5	7	13	0	5	7	4	5	-1	6
May	89	4	2	3	0	4	7	7	5	5	1		-1	4	3	8	3	6	6	2	3	-2	7
June	89	3	0	3	-1	5	6	7	5	4	0		1	5	4	13	1	4	9	4	1		6
July	89	2	-2	2	0	4	8		1	4	0		2	4	1	11	-3	5	8	6	2		2
Aug.	89	3	2			6			3	5								6	8				
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7	2	2